

Online Bingo Market Analysis & Projections

Over the past decade the online gaming industry has emerged as one of the fastest growing segments of internet commerce today. In 2006 online gamblers wagered a total of twelve billion dollars via the World Wide Web. Experts project an estimated twenty four billion dollars will be wagered via online gaming sites during 2015.

Online Sportsbooks and Casinos were first to introduce their product to the public during late 90's. 2002-03 ESPN began televising the World Series of Poker showing pro player's hidden cards which sparked the online poker boom. Millions of recreational players logged on to become the next televised world champion. By 2005, bingo made its official entrance and has proven to be one of the most profitable sectors for gaming operators. The United Kingdom has experienced a growth rate in excess of 400% with new bingo players over the last four years.

As 2010 approaches, bingo continues to produce impressive numbers while poker, casino, and sport are beginning to reach their peak. The bingo game was first seen online when Gamesville.com launched their Bingo Zone service allowing hundreds of people to compete in real time (Koplowitz, 1997).

To play online bingo a user selects a site via the web and registers their information. Next they navigate through different bingo rooms playing with friends or complete strangers. The online bingo experience is similar to the brick and mortar socials, except now the games are faster and easier to play. There are several features bingo software offers making the game more entertaining for the younger demographic.

Demographics: Bingo players are often thought to be older women, 60+ and retired. WinkBingo.com, however, collated known demographics and surveys for their own operations and shares that 90% of online bingo players are below 50 years old and 85% are educated women (WinkBingo.com, undated).

Recession-Proof: The online bingo industry is proving to be one of the few gaming sectors to be recession-proof. In February 2009, OnlineBingoAlerts.com reported that its traffic grew more than 20% over a two-month period, as well as a 55% growth in new depositing players over the last quarter of 2008 compared to the

previous quarter. What is more interesting is the site's online bingo success was not replicated in other portals like poker, casino and sports (Onlinebingoalerts.com, 2009).

Key Growth Area: As a whole, online bingo has experienced tremendous growth over the past few years. The 20% increase in OnlineBingoAlerts.com's traffic only confirms a Bingo Genie report that Web traffic to online bingo sites continue to increase within the United Kingdom, the most developed and competitive online bingo market in the world.

Citing traffic data from both HitWise.co.uk and Google Trends, Bingo Genie reported an increased number of Britons are visiting online bingo Web sites: almost doubling in a span of one year, while the number of people searching for they keywords "online bingo" has quadrupled in a four year period to 2008 (Bingo Genie, 2008).

Online Bingo Boom: OnlineBingo.TV reports online bingo provides a high level of entertainment for minimal cost. With games costing an average of 25 cents per card, online bingo may be seen as an inexpensive alternative to actual bingo and other forms of conventional gambling, both online and offline.

Online casinos' minimum deposit requirements have steadily decreased over the years, making it more enticing for a new player to join in the fun. Online bingo games are also fast-paced with new games starting every few minutes. The accompanying software is fully automated and players are able to chat with friends all throughout the game.

Online bingo enjoys a distinct advantage over its offline counterpart: it facilitates socialization and interaction. In fact, OnlineBingo.TV adds that one of the factors that most players consider in choosing an online bingo site is how many people do they know are on that site. If the player wishes to remain anonymous, he or she may select a special feature which keeps their personal information completely private.

The ability to play the game faster and with ease is another advantage. A player is able to mark multiple cards via special software which automatically **blots** your bingo cards. If you wish to play one hundred cards for the jackpot round, simply select auto-play and enjoy the game while you chat with friends.

Online bingo games run around the clock, every day of the year. No need to wait for Saturday night to play at your neighborhood bingo hall. Now you can log-on anytime and win. Play multiple games simultaneously and chat with your friends or meet new people. All in the comfort of your home or office as you please.

According to a Bloomberg News report, there are reasons why online bingo has been identified as the next big growth sector. Online bingo certainly has a proven track record in growth:

- In the United Kingdom, where the online bingo market is most developed, the number of online bingo sites mushroomed from 17 in 2004 to 243 site four years later.
- The second most competitive market for online bingo, Spain, has experienced exponential growth in the number of sites based in the country: from 6 to 40 in just one year!
- In a typical month, more than 500,000 people play online bingo in the United Kingdom.

Trends unique to the industry have helped increase bingo's popularity. The improvement in technology has expanded online bingo's global appeal in recent years. Bullet Business confirms that the proliferation of high-speed broadband internet access has helped bring in more players and improved the online bingo experience, along with better software coming from the providers themselves.

Another factor helping online bingo sites gain ground is the numerous restrictions on public smoking in bingo social halls (Bullet Business, 2009). As technology increases worldwide and broadband internet makes it way into developing Countries; new bingo players will make the transition to the online operators.

The current economic downturn is also discouraging people from seeking entertainment outside their homes. Now more than ever, more people are opting to stay in rather than spend on outside entertainment. This trend holds consistent for bingo aficionados who would rather stay home and visit their favorite bingo site (Saumarez-Smith, 2008).

Online Bingo has reached mass appeal mainly due to its social element. Play bingo with your friends, and win cash prizes while chatting. Over the last two years, the social networking revolution has also taken the world by storm. The two leaders are Facebook and Twitter. These special platforms are free to the public, and have become a place to voice your comments in real time via microblogs and chat. Combine these social media engines with Online Bingo and you have a winning a cross-marketing campaign with endless possibilities.

Nielsen Online, leader in online tracking and reporting, indicates that Twitter grew 1,300+% year-over-year in February, registering a total of just more than 7 million unique visitors in the US for the month (CertifiedMarketers.com, 2009). Facebook has also experienced significant growth over the year with main stream media relying on its audience for underground and unconfirmed reports.

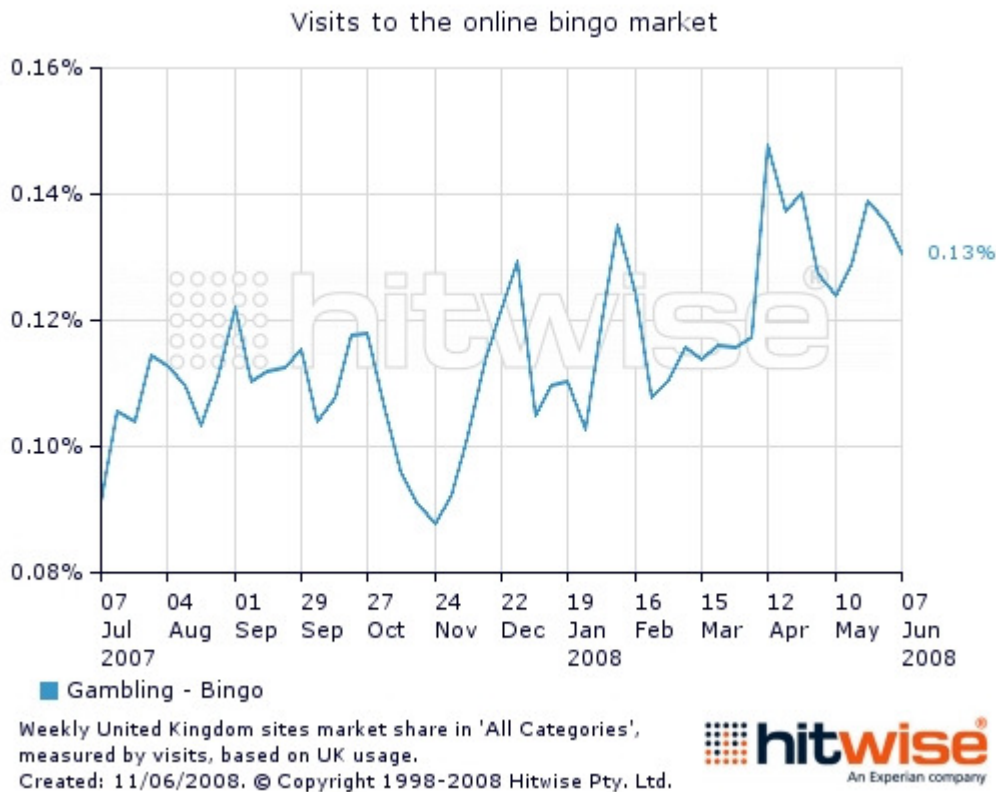


Figure 1: Monthly traffic (number of visitors) to online bingo sites in the United Kingdom from May 20th, 2005 to June 7, 2008 Source: Hitwise www.hitwise.co.uk

Scale is based on the average traffic of [online bingo](#) from United Kingdom in all years. [Learn more](#)

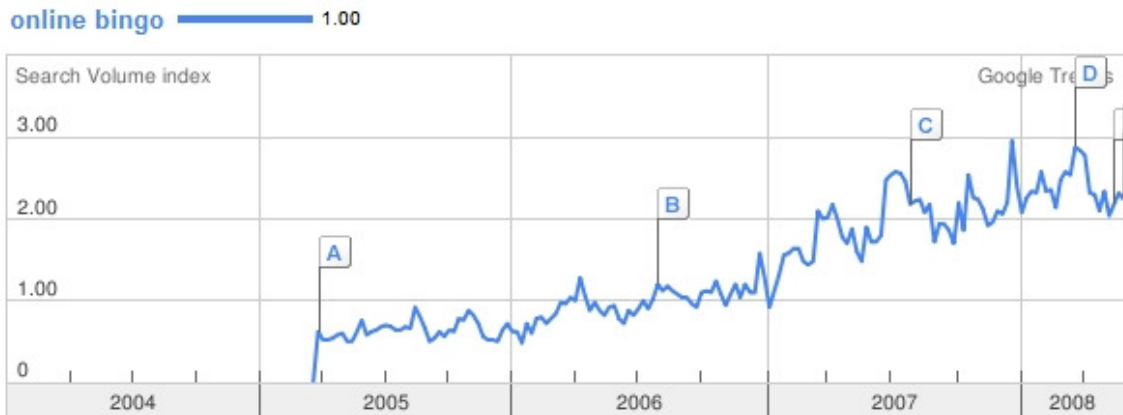


Figure 2: Number of searches from the United Kingdom using “online bingo” as the keywords.

Source: Google Trends

Continued expansion: Bloomberg News reports online bingo supplier Virtue Fusion receiving multiple orders from clients planning to launch sites in Spain, Denmark, Sweden and Ireland. Virtue Fusion CEO Al Haig-Thomas was also quoted as saying that Europe, South America, and Asia were potential growth areas for online bingo.

Online bingo success has also spilled over to bingo television, with commercial broadcasters advertising various bingo sites bringing the entertainment to the mainstream public. Examples of bingo television are ITV's Bingo Night Live in the U.K. and Sweden's highly successful weekly bingo show (Saumarez-Smith, 2008).

Revenue Potential

In order for a company to flourish, there must be room to earn substantial revenue and generate a healthy return for its investors. With more than US\$239 million earned for 2008 within the United Kingdom market alone, online bingo companies have proven there is high income potential operating new sites / brands.

There appear to be initial stages of consolidation as successful online bingo operators are acquired for millions of dollars by large publicly traded gaming companies to augment their existing businesses. This represents another avenue of income for online bingo companies and their investors.

In May 2009, Jonathan Sibun at the Telegraph reported about the talks between 888 Holdings, an online gaming company, and Cashcade, an online bingo operator. Sibun noted that the sale was expected to be at around £70 million and £100 million (US\$115.28 million - US\$164.71 million).

This sale is significant not only for the amount involved, but also because the acquisition will signal the initial stages of restructuring within the online gaming industry, which often results in numerous companies merging. Cashcade is a prime acquisition target especially because of its pre-tax profits to £10.9 million in 2008, more than doubling its reported pre-tax profits the year before. Revenue also increased 91% to £33.7 million for the same period. A fantastic result, especially considering that the U.K. economy was in a recession during both years.

Cashcade watchers also reported the company strong numbers for 2009, owing its success to increased Internet broadband access and the country's ban on smoking, which turned off many bingo hall patrons (Sibun, 2009).

Swedish online gaming company, Unibet Group was involved in a merger deal December 2007, when it bought Maria Holdings Ltd. for SEK705 million (around \$109.6 million in Dec 2007). Maria Holdings is a Maltese company that operated poker and bingo gambling Web sites (Garner, 2007). For a live glimpse of current players on the newly acquired Unibet site visit: www.MariaBingo.com/world

Competition

All the optimism represented by growth and earning potential could indicate the industry has attracted many reputable companies wanting to cash in on the trend. The United Kingdom market tells a different story.

Due to the dynamic nature of the internet, it can be difficult to determine the exact number of online bingo websites available today. Bingo Genie November 2008 lists the top ten websites by market share which account

Website	Market Share
Gala Bingo	25.13%
Foxybingo.com	14.03%
Sun Bingo	12.33%
Ladbrokes Bingo	9.36%
Wink Bingo	4.78%
Mecca Bingo	3.53%
Sky Bingo	2.62%
Mirror Bingo	2.61%
ITV Bingo	1.96%
888Ladies.com	1.90%

Table 1: Ranking of Online Bingo Sites, according to market share

for more than 3/4s of the online bingo gamers in the United Kingdom. Another important trend to point out is more than half of all online bingo aficionados in the UK go to the top three sites: Gala Bingo, Foxy Bingo and Sun Bingo, which collectively takes up 51.49% of the players.

Bingo Genie (2008) points out that Gala Bingo; with its 25.13% market share services over 5 million members and receives 32 million admissions yearly. Gala Bingo also caters to offline customers and claims a 40% share of the market. Foxy Bingo, on the other hand, relies solely on its online operations, but still receives a 14.03% market share. 888 Ladies rounds out the bottom of the list with just under 2% of the market share.

The market share report shows the bottom half of the top ten operators receiving less than 13% of the online players combined. A relatively small and new company could earn a respectable 1% of the entire market, which based on Gala Bingo's numbers would translate to an approximate 198,965 members and 1,273,378 admissions yearly. With 200,000 members at 3% conversion this would translate to 6,000 real money players.

Overall competition remains wide open. True there are many companies within the industry, but these are smaller operators which make up only 10% of the total market. A serious operator in the online bingo industry could focus on new manageable regions. The Czech Republic, Portuguese, and Latin American regions are yet to offer a reliable bingo brand. Within the next two to three years, expect new operators to target these untouched markets enjoying the bulk of the market share.

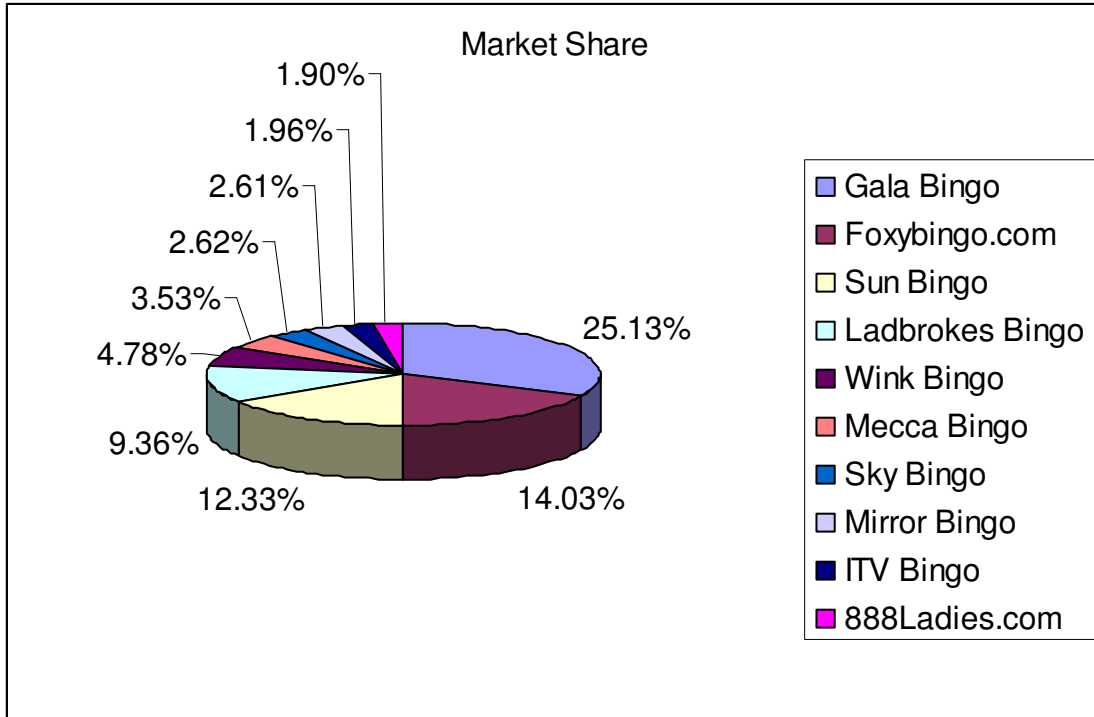


Figure 3: Graphical representation of online bingo sites' market share

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In conclusion online bingo is presently poised for continued growth as the expansion of technology, social media networks, and widespread acceptance of the Internet continues to reach global appeal. Players originally accustomed to brick and mortar bingo halls are quickly realizing the advantages of playing online and are making the transition. The opportunities within the online bingo sector are seemingly boundless. With the right financial backing, programmers and marketing team, success for a new bingo operator is guaranteed.

Revenue Projections

by [George Molson](#)

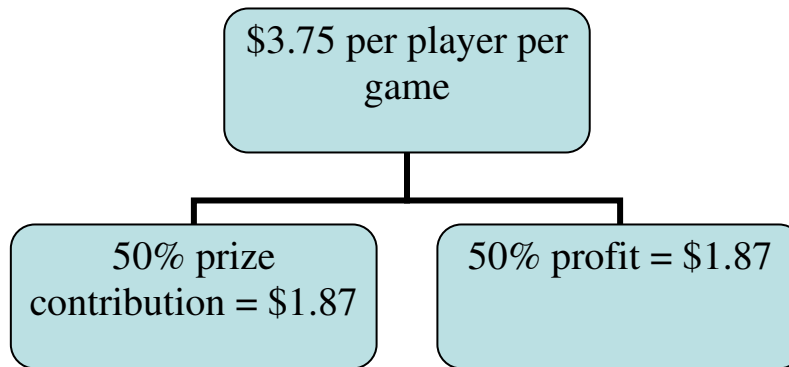
Keeping a conservative assumption of each bingo client playing 15 cards per game, game revenue would be \$3.75 per player. 50% of the game revenue is contributed towards the prize pool. Each free play session has an average of 300 players, with an average of 3% choosing to pay for their cards generating a total of 10 paying players.

On average 10 active players generate a total of \$18.75 per game in profit. Assuming there are 11 to 14 games played an hour, earnings would total \$270, while the daily revenue would total \$6,480.

Even at a conservative estimate, monthly revenue would average within a range of \$150,000 to \$200,000. Annual revenue would reach 1.7 to 2.3 million USD.

**Assuming:
15 cards per player, per game
\$0.25/card**

= \$3.75 / player / game



Averaging 300 concurrent freeplay players @ 3% conversion

= average of 10 concurrent real money players:

10 players = \$18.75 / game profit & prize

(11 games / hour -> avg. wc = 50) High (14.4 games/hour -> avg. wc=35)

= **\$270 hourly revenue**

= **\$6,480 daily revenue**

= **\$150k to \$200k monthly revenue**

= **\$1.7M to \$2.3M yearly revenue**

George Molson Bio: Founder and creator of TiltBingo.com | TiltBingo.net. 2004 George originally started working in the gaming industry as the lead programmer for IPlayBingo.com based in Canada. He was recruited straight out of college. Recently he decided to make the move to Costa Rica and launch his own Bingo Software. He is currently in the final stages of development with Tilt Bingo and has an in dept knowledge of its revenue potential. George plans to deliver a dependable product with new bonuses and software capabilities setting a standard in bingo software.

Dan Siles Bio: Dan holds a degree in Business Administration with an emphasis in marketing. Over the last decade Dan has worked with well established gaming companies, most recently Poker Stars, [Maria Bingo](#), and SBG Global. He specializes in iGaming business development, affiliate recruitment, and white label partnerships. He moved to Costa Rica late 2006 to head up operations for a poker brand under the Sportsbook (BetUS.com). He looks forward to working with George and Tilt Bingo by expanding its player base through strategic affiliate deals and white label partnerships with experienced gaming operators.

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